



THE VERY GROUP

Communication on Progress | 2020/2021

CEO Statement

Introduction



Henry Birch

Henry Birch
Group CEO

Reflecting on the past year, the role of business and corporate responsibility has been dramatically redefined. Whilst being accountable to our consumer and their expectations is still key, business's role and impact on society has never been more visible, or important.

At The Very Group, this year has given us an opportunity to review and reset in order to best serve our customers whilst also supporting our colleagues through the pandemic to safeguard their happiness and mental wellbeing. The turbulence of recent times has disrupted our status quo and driven innovation across our operation. Part of this journey has involved a renewed commitment to operating as a responsible business and seeking solutions which ensure the longevity of The Very Group.

We are committed to creating a sustainable future for our business, employees, and the communities in which we operate. Over the last 12 months we have advanced our sustainability agenda and strengthened our governance structure by implementing a dedicated sustainability board comprising senior leaders from across the business and chaired by a Non-Executive Director. The board will ensure the clarity of vision and strategic direction of sustainability and to hold the business to account for its actions and outcomes against the sustainability strategy. Alongside this we have also continued to invest in the team bringing in additional expertise to support the delivery of our ESG agenda. The Very Group commit to remaining active participants of the UN Global Compact and sharing with and learning from our peers. This year we became members of the UN CFO Taskforce, pledging to work with fellow members to align company financial strategies to the delivery of the UN Sustainable

Development Goals. This commitment is underpinned by our ongoing work supporting the goals including the continued support offered to women in South India entering employment in Textile mills. This project has now reached around 21,000 people and is planned to expand into partnerships with industry bodies over the coming years, ensuring scalable change in the industry. We are also committed to tackling climate change and our businesses carbon footprint. We are proud signatories to the British Retail Consortiums Roadmap to Net Zero and are working towards setting science-based carbon reduction targets within the next two years.

Our journey towards a more diverse and inclusive workplace continues and this year saw us celebrate Pride with our colleagues inviting speakers to educate and raise awareness within our organisation. The theme of education continued with Sustainability Week taking place virtually, communicating to colleagues our businesses overarching ambitions for people and planet and ensuring our commitment to doing business responsibly is understood by all colleagues. We also sought learning externally, partnering with academic institutes to enlighten and support us in projects such as our fashion takeback scheme and measuring impact on communities we work in.

As we face into another year of uncertainty, we will maintain our promise of being responsible, continuing to work to support the UN Sustainable Development Goals and ensuring respect to people and planet. Enclosed is our progress report for the period July 2020 – June 2021, outlining an overview of our activities and our future plans. We hope you find it useful.

The Very Group

At a glance

As the UK's largest integrated pureplay digital retailer and financial services provider, our purpose is to *make good things easily accessible to more people.*

With our multicategory range of leading brands and unique financial services products, which offer customers flexible ways to pay, we are well placed to deliver on that promise.

The Very Group consists of three customer facing brands which are Very.co.uk, Littlewoods.com and LittlewoodsIreland.ie.

Headquartered in Liverpool, we also have offices in London and Dublin. The Very Group mixes amazing brands with flexible payment options to help our customers say yes to the things they love.

4.5m
active
customers

£2.3bn
annual
revenue

3,250
Engaged
colleagues

1,900
famous
brands

1.9m
daily website
visits

82%
Sales via
mobile

United Nations Global Compact

10 Principles



Human Rights

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2

Make sure that they are not complicit in human rights abuses

Labour

Principle 3

Businesses should uphold the freedom of association and effective recognition of the right to collective bargaining

Principle 4

The elimination of all forms of forced and compulsory labour

Principle 5

The effective abolition of child labour; and

Principle 6

The elimination of discrimination in respect of employment and occupation

Environment

Principle 7

Businesses should support a precautionary approach to environmental challenges

Principle 8

Undertake initiatives to promote greater environmental responsibility; and

Principle 9

Encourage the development and diffusion of environmentally-friendly technologies

Anti-Corruption

Principle 10

Businesses should work against all forms of corruption including extortion and bribery

Our Approach

People, Planet, Communities

We are committed to creating a sustainable future for our business, employees and the communities in which we operate. Our approach to sustainability at The Very Group is guided by a clear strategy focussed on people, planet and our communities. We recognise our responsibility to tackle labour, human rights and environmental risks and our fundamental approach is to ensure we are upholding the principles laid out in the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work and the United Nations Global Compact.

Alongside this we appreciate the role we play in meeting the United Nations Sustainability Goals (SDG's) and the global agenda for 2030. With this in mind, we have ensured that our strategy aligns to the SDG's, focussing on 6 key goals, where our business can have material impact both within our own operations but also our supply chains. Our progress against the relevant targets for our business are detailed on the following page.

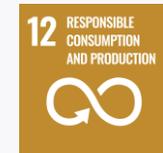


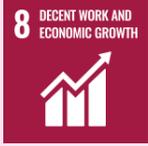
Our goal is to empower our customers and colleagues to make more sustainable decisions

Seek ways to reduce our carbon footprint

Our goal is to positively impact all communities we work in

SUSTAINABLE
DEVELOPMENT
GOALS



SDG	Goals & Targets	Our Progress
	<p>GOOD HEALTH AND WELL-BEING</p> <p>Goal: Ensure healthy lives and promote well-being for all at all ages</p> <p>Relevant Targets: 3.7, 3.8, 3.9</p>	<p>The training programmes that we continue to operate in factories across India and Bangladesh contain modules on health and well being, as well as access to reproductive health care services. Initiatives like our partnership with Jeanologia help us to remove harmful chemicals from the production process having a positive impact on worker health.</p>
	<p>GENDER EQUALITY</p> <p>Goal: Achieve gender equality and empower all women and girls</p> <p>Relevant Targets: 5.1, 5.2, 5.5, 5.6</p>	<p>We are committed to the UN Women’s Empowerment Principles and ensure that we embed these principles within our outreach programmes in our supply chain. We are also working to ensure equal representation at all levels for women across our operations in UK and Ireland</p>
	<p>DECENT WORK AND ECONOMIC GROWTH</p> <p>Goal: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <p>Relevant Targets: 8.4, 8.5, 8.7, 8.8, 8.10</p>	<p>Our auditing processes and strategic partnerships ensure we are upholding standards of decent work across our supply chain whilst also identifying risks of modern slavery and child labour</p>
	<p>REDUCED INEQUALITIES</p> <p>Goal: Reduce inequality in and among countries</p> <p>Relevant Targets: 10.2, 10.3, 10.4</p>	<p>Our programmes to combat gender inequality help us to implement our ambition of a fairer society where all people are treated equally. Our programmes also aim to help workers outside of the workplace by providing the tools so that workers can better manage their own finances and household budgets.</p>
	<p>RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>Goal: Ensure sustainable consumption and production patterns</p> <p>Relevant Targets: 12.5, 12.6, 12.8</p>	<p>Our commitment to net zero, offsetting our inbound logistics and switching to renewable demonstrate our commitments to responsible consumption, whilst the implementation of sustainable materials in our supply chain as well as the removal of harmful chemicals in the production process shows that we are making progress in achieving this goal</p>
	<p>CLIMATE ACTION</p> <p>Goal: Take urgent action to combat climate change and its impacts</p> <p>Relevant Targets: 13.1, 13.2, 13.3</p>	<p>Our commitment to report annually on our progress to UNGC, as well as being a signatory to the BRC Roadmap to Net Zero means that we will continue to hold ourselves publicly accountable. We will continue to implement new ways of working that minimise our impact on the planet, as demonstrated this year through offsetting, switching to more sustainable materials and switching our energy needs to renewable sources.</p>

CFO Taskforce on Sustainable Finance

Financing the future



"I am proud to represent The Very Group on the UNGC CFO Taskforce on Sustainable Finance. As an organisation we work to ensure that the 2030 agenda is embedded through all our activities, with the SDGs providing the framework which we use to create a more sustainable business. We recognise that tying finance to the sustainability agenda is going to be critical if we are to make the necessary progress to create a fairer, greener and more just world for future generations. Being a member of the Taskforce enables us to help shape the future of sustainable finance and make a positive impact that will be felt for generations to come."

Ben Fletcher, CFO, The Very Group

We recognise that if we are to make the strides needed to fully achieve the United Nations 2030 agenda, we need to ensure that sustainability is embedded throughout our business including in how we access finance. Our Chief Financial Officer became a member of the United Nations CFO Taskforce on Sustainable Finance this year.

The taskforce has been established as a global working group of CFO's from across all sectors to come together and create a roadmap of what accessing sustainable finance should look like. The taskforce aims to create the blueprint that companies will be able to use in the future that will map out the requirements needed to demonstrate their commitment to the SDGs in order to access finance at more favourable rate. It is hoped that incentivising finance in this way will accelerate progress on the SDGs.

The Very Group currently raises finance to fund its operations through traditional avenues. However, membership of the CFO taskforce enables us to explore the opportunities of sustainable financing both for our own operations but also to support the wider delivery of the SDG agenda. The learnings and directives taken from this taskforce will influence how we access finance in the years to come, furthering our ambition to ensure sustainability remains at the top of the agenda in all our decision making.

As part of our commitment to the CFO taskforce we have undertaken an internal review to benchmark our current level of investment aligned to the SDGs. Our current annual corporate investment linked to SDGs equates to £2.5m, or roughly 1% of annual investment. By 2025 we commit to this figure being 25% of our annual investment, which based on this year would equate to £100m per annum aligned to the SDGs.

People



Our People

Who are they?

We have a broad and varied supply chain, manufacturing product across our own brand clothing and home and living ranges. We source from approximately 489 tier 1 factories in 30 countries worldwide with a colleague presence in key sourcing countries: Bangladesh, China, India, Malaysia, Poland and Turkey. Of the 489 tier 1 factories, 189 supply Clothing and & Footwear and 300 supply Home & Living. A full list of our manufacturing sites can be found [here](#).

We are currently enhancing our supply chain transparency by working with our suppliers to map tier two and three and implement due diligence procedures to better understand working conditions within these sites and ensure that sites meet our standards.

At The Very Group we recognise the importance of workers within our supply chain and as such work hard to understand their working conditions and challenges, offering training and capacity building to factories to support improvements and enhanced relationships. To support this, we have a team of sustainability colleagues based in country who not only ensure that our partners uphold our commitments to the 10 principles but also develop programmes that support the workers and communities in which we operate.

Alongside this we have also implemented the Everyone's Business App with our sourcing colleagues enabling us to more regularly get feedback on conditions in our factories and allowing everyone in the sourcing to proactively engage in our CSR agenda.



Factories | Workers
20 | 40,738



Factories | Workers
189 | 51,022



Factories | Workers
40 | 8,861



Factories | Workers
12 | 2,533



Factories | Workers
4 | 1,556



Factories | Workers
25 | 25,810

People

Our Supply Chain

Our policies and procedures provide us with a robust framework to enable us to operate responsibly ensuring the protection of human rights across our supply chain. The policies are based on the principles laid out in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work and are reviewed and updated regularly as we learn from our experiences and best practice.

To ensure we are upholding our commitment to these principles all first tier factories are required to undertake an annual ethical audit whether this be SMETA (Sedex Members Ethical Trade Audit), Fast Forward or BSCI (Business Social Compliance Initiative). These audits are carried out by our three global audit partners and are conducted on an unannounced/semi-announced basis, enabling us to gain an insight into working conditions.

Alongside this our local team offers ongoing support to our suppliers to remedy issues found during audits and follow up audits are conducted to close high risk issues that need independent verification. The impact of Covid 19 has meant working more closely with our suppliers and adapting our audit process where necessary to ensure we are doing all we can to protect workers whilst navigating the restrictions imposed as a result of the global pandemic. Given the severity of the Covid 19 pandemic, we also acted to enhance worker awareness of the virus and preventative measures that they can take to prevent transmission. We implemented this training across 4 of our key suppliers in Bangladesh.

Building on the success of previous years, our broader strategy focuses on better supporting our factories and their workers through training to tackle areas of risk in our supply chain.

The projects aim to support our factories with more complex issues and improve the lives and livelihoods of workers. The impact of Covid 19 meant that the training programmes we facilitate in factories throughout our supply chain were greatly reduced. However, this period gave us the opportunity to re-evaluate our approach to training and develop a plan that is more in tune with the aims of the SDGs and addresses issues most relevant to each of our key sourcing countries.

This review led us to deciding on four pillars that we would use to shape our factory and community programmes globally moving forward.

People

Pillars of Learning & Development



The pillars form the framework of our approach in our key sourcing countries meaning that any projects we undertake or training that we facilitate will support 1 or more of these pillars.

People

Gender & Inclusion

We committed to embedding the Women's Empowerment Principles into our business and supply chains in FY2020, so creating a pillar of learning focussed on gender and inclusion will enable us to build on our commitments and ensure that the principles are reflected throughout all our operations as well as our supply chain.

In India, we have continued to build on the progress made with our mill project in Tamil Nadu where we have reached over 21,000 workers and their families through our 5 established resource centres. These centres are used to conduct training with potential workers and their families to improve their knowledge around labour rights. In addition to the employment focussed support, we also have a focus on health and wellbeing providing health check-ups for 3996 workers, as well as providing subsidised sanitary products and working to improve general health awareness and confidence.

In the previous financial year, we commenced our participation in the inaugural Target Gender Equality programme with the United Nations Global Compact. The programme ended in March 2021 having helped us shape our thinking on how we achieve gender equality at all levels of our business. The strides we made internally resulted in two colleagues from the business being asked to speaking at Target Gender Equality Live, a United Nations event that included participants from across the globe to share best practices and talk about the challenges they faced. We will continue to build on the progress we made throughout this programme and ensure we are an active participant of the wider UN Global Compact network.

Going forward we will expand our work on gender and inclusion to other regions and are already speaking with potential partners to support disabled workers into employment in Bangladesh and China.



People

Financial Literacy

As an integrated retailer and financial services provider, we recognise the role we play in supporting our customers, colleagues and workers in supply chains better understand their financial situation. Therefore, financial literacy forms a key pillar of our approach to sustainability.

In our supply chain we continue to build on our successful training programmes in Bangladesh which includes financial literacy training for workers. The programmes we have delivered have encouraged the predominantly female workforce to open their own bank accounts so that they can plan better and understand the benefits of saving part of their income. Helping the workers to create their own budgets gave them a clearer understanding of their income versus expenditure, improving their ability to manage their finances.

In India, through our network of community centres we continued to offer financial literacy training to young women and their families, enabling them to understand budgets and better manage their finances.

We have also spent the last year mapping out a programme to engage young people in the UK and Ireland on financial literacy through lessons at school to ensure they are equipped to make informed financial decisions. The programme ties into a broader business commitment to make financial support and information more accessible to our customers and colleagues to help them to better understand the services that we provide.



People

Social Dialogue & Worker Voice

In Malaysia, our work with Just Good Work continues. The Just Good Work application is designed to support migrant workers through their recruitment journey, giving them advice, guidance and helping them understand the legal requirements and local culture. Obviously during Covid migrant workers haven't been able to enter Malaysia so we have spent time developing the application and integrating a grievance mechanism with local partner Our Journey., enabling migrant workers to get the support they need.

In China, we took steps to raise awareness of modern slavery and introduced MS training for our colleagues. Given the ongoing concerns of how the Uyghur population is treated in China, it was important for us to help our colleagues understand what the signs of modern slavery are and what they can do if they suspect someone to be a victim of it.

We have made a commitment that means we will disengage with any supplier where there is evidence of workers from the Uyghur region. We published this commitment in our Modern Slavery Statement in December 2020 and will continue to uphold these principles.

In India we have launched the TIMBY app to help workers and their families raise grievances which we then either work on with factories, or are worked on through the community centres and the wider community

In the UK, to ensure we are doing all we can to support garment workers in Leicester, we are an active member of the Leicester Hosiery Workers Advice and Support Project (L-HWASP). We have supported the project financially as well as committing to work collaboratively with other brands to overcome issues within the Leicester garment sector and help to provide safe workplaces where all workers are treated fairly and equally.



People

Social Dialogue & Worker Voice

Case Study

We collaborated with the Ethical Trading Initiative to implement a custom-made social dialogue training programme at KhanTex Fashion Ltd in Bangladesh. To ensure the programme was as effective as it could be we started with a baseline exercise to understand the current situation at Khantex and what both workers and management wanted to focus on with the training. This assessment allowed us to create a tailor-made solution to improve worker voice within the factory.

The training focussed on developing an effective worker participation committee in the factory to improve communication at all levels, ensuring that workers, supervisors and factory management all received adequate training to ensure successful implementation. Alongside this there was also a focus on gender, ensuring that women were adequately represented on the

committee and had the confidence and skills to participate effectively.

As well as providing examples of best practice for ensuring all workers have a voice within the factory, we also included gender specific training by demonstrating the importance of a women worker's representative who could speak to women's issues within the workplace.

In total there are 1,366 workers at the factory with women making up 43% of the workforce. The success of this trial at KhanTex has meant that we are now working on how we integrate this training into wider programmes in Bangladesh, enabling more workers access to stronger social dialogue within their workplaces.

1366 workers
trained

43% female
workforce

"Its been really useful for the factory and it's workers. After learning about harassment, the workers feel more equipped to handle any grievances around this. We all are happy to receive such support"

HR & Compliance Manager
Khan Tex

People

Sustainability

As a business with a clear focus on sustainability we want to ensure that we are also engaging our supply chain in the broader sustainability agenda, this includes not only looking at more sustainable long-term solutions, such as circularity but also looking at how we engage workers in factories on issues like plastic waste and water scarcity.

In Bangladesh, we became part of the Circular Fashion Partnership a collaboration of over 50 brands, manufacturers, recyclers and NGO's which aims to capture post-production fashion waste and direct it back into the production of new products. The partnership, which launched in November 2020, supports the development of the textile recycling industry in Bangladesh by capturing and directing post-production fashion waste back into the production of new fashion products, going forward this initiative will play a vital role in us creating more circular solutions in partnership with our supply chain.

In China, after investing to expand our sustainability team, we have been able to increase our activities in the region and this year held 6 supplier conferences across 6 cities on our expectations and code of conduct.

The conferences were also a great opportunity to talk about our ambitions broader sustainability ambitions and also bring in an external company to speak about effective waste management in factories and the benefits for factories of understanding waste segregation and recycling. Moving forward we will run more sessions with factory management on various sustainability topics, enabling them to understand and implement best practice in their own operations. Continuing our sustainability work in China we have also collaborated with IPE who specialise in green supply chain mapping to increase the level of transparency with the factories we work with and ensure public accountability for energy consumption and waste generated.



People

Transparency

As part of our commitment to the Transparency Pledge, we partnered with the Open Apparel Registry in order to provide an easily navigable database that presents the locations of the factories that we work with on an interactive map. The map is available for anyone to access and can be viewed [here](#). The partnership with OAR allows us to increase the transparency of our operations, with our tier 1 factory database being uploaded and shared publicly in December, followed by our tier 2 database in April. We recognise though, that the OAR only relates to our clothing supply chain, so we also share a full supply chain list on our website to ensure visibility of all factories manufacturing Very product.

Being honest and open about our supply chain as well as mapping our progress against our peers, allows us to act as a responsible citizen and engage with others to tackle any challenges that arise.

In addition, we are an active participant in the annual Fashion Transparency Index, which is a great opportunity to assess our position against our peers and make annual improvements. This year we also took the decision to work with a student from Durham University to undertake an analysis of our results on the Fashion Transparency Index, enabling us to identify gaps and opportunities for improvement going forward.

In China we have also collaborating with the Institute of Public and Environmental Affairs who are dedicated to building a database of environmental data for businesses in China and pushing organisations to implement improvements if violations have occurred. This partnership enables more transparency of the environmental performance of our factories in China and allows us to engage factories in improvements.

872 facilities
published

28
countries

Approx.
180,000
Workers

Planet



Planet

Our Ambition

As a business we recognise that climate change has the potential to fundamentally change the planet we live on and the communities we operate in. The rapid increase in global warming has led to climate change becoming a key priority for Governments, business, and wider society. Given the speed of change in this area it is imperative that we identify the risks and opportunities of climate change to The Very Group and understand how they may impact our business operations going forward.

Climate change and the environmental impacts of our business have formed a part of our wider sustainability strategy for several years. With the urgency to tackle climate change and the increased interest from the investor community the business has recognised the importance of including climate change within the businesses principal risk review and for setting stronger targets in this space.

The Very group have been working for a number of years to tackle the impacts of our operations on the environment and although formal targets were not in place, we have been working in partnership with the Carbon Trust for over four years, managing a 16.2% reduction in our overall carbon emissions in that time.

This work and our existing focus on tackling climate change have supported in ensuring environmental factors are built into investment decisions, this is most clearly seen in our new warehouse in the East Midlands that has been certified as A-rated for energy efficiency.

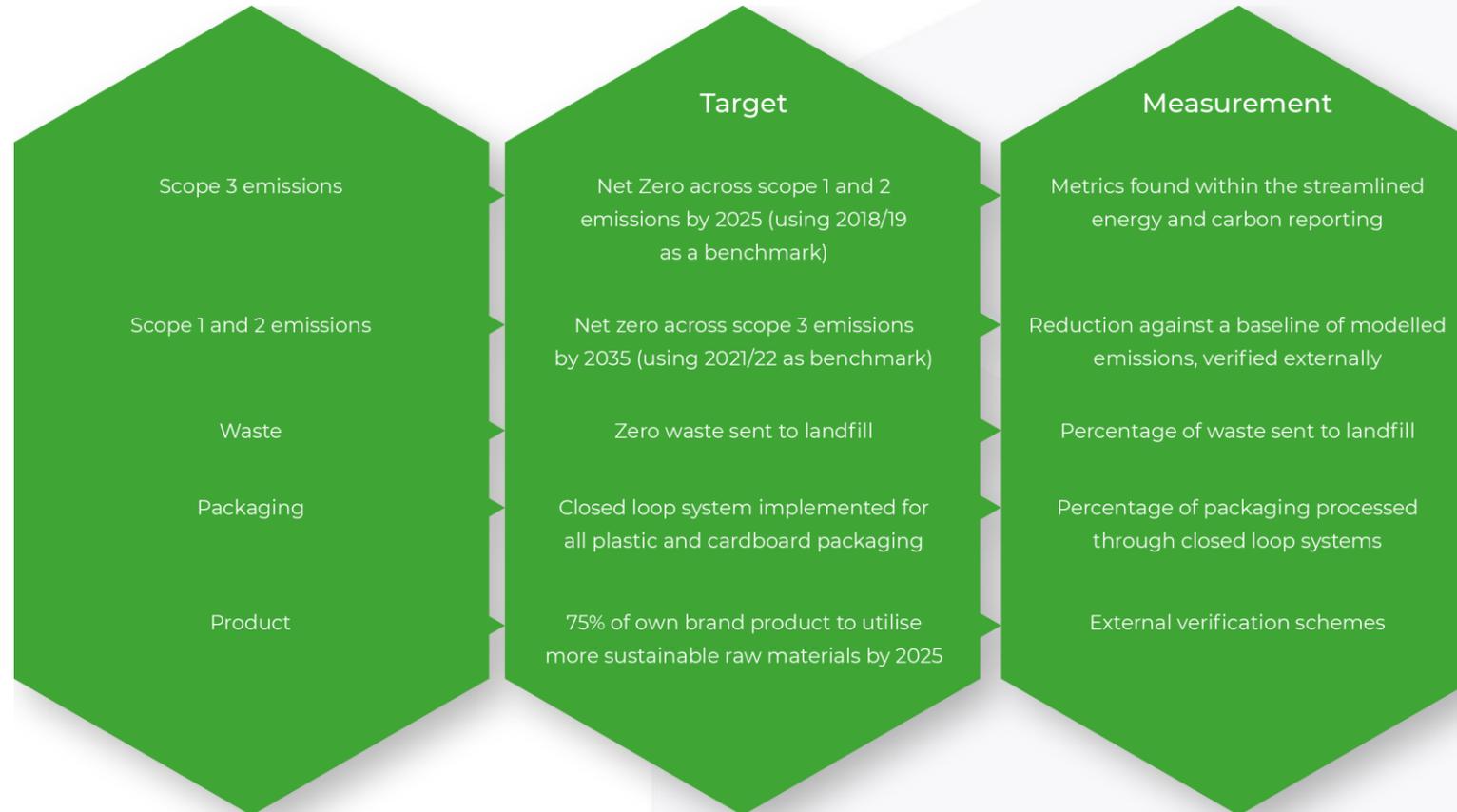
As a business we have recognised the need to further verify our climate related targets with an ambition to have verified science-based targets. Over the course of the next 18 months, we will be working with Carbon Intelligence to strengthen the commitments we already have in place, fully map our scope three

emissions, develop an accurate baseline for scope 3 and develop delivery roadmaps.

Once completed this work will enable us to report across all emissions scopes more accurately going forward and will support us in carrying out a scenario analysis, to better our understanding of climate related risks and opportunities. We intend to track and monitor our emissions utilising an external system, which will house our scope 1,2, and 3 emissions data and support us in monitoring our progress against the agreed science-based targets. To support our strategy and ambition in this area we have committed to the [British Retail Consortium \(BRC\) roadmap to net zero](#), showing our commitment to working with other retailers, governments, customers, and wider industries to collectively deliver a net zero agenda.

Planet

Roadmap to net zero



We are The Very Group. We are committed to tackling climate change together.



“Climate change is a really important issue for us here at The Very Group and we know that ultimately we have a responsibility to reduce our impact on the environment. If we fail to act now collectively, there is a very high chance that there will be irreversible damage with catastrophic consequences for our planet. We want to be able to continue to serve our customers, look after our colleagues and have a positive impact on the world and as part of that, we are committed to tackling climate change. We are supporting the BRC Roadmap because we believe that only by working in collaboration with the retail industry can we make the necessary progress towards tackling climate change and ensure that the retail sector is sustainable for many years to come.”

Henry Birch, CEO, The Very Group



We are committed to enhanced reporting to hold ourselves accountable.



The below sets out The Very Groups climate-related financial disclosures and is for the financial year end 30 June 2021. As a business we recognise the growing importance of climate-related financial disclosure and intend to demonstrate with the below our commitment to working towards full Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) reporting in FY22/23. We recognise that enhanced reporting may be challenging and will require the business to ensure robust frameworks are in place for monitoring and measuring scope 1,2 and 3 emissions going forward and that this will need to be underpinned by strong governance structures ensuring the business is accountable for meeting its targets in this area.

The table below summarises our progress this year and focus areas for the year ahead across the TCFD competency areas of governance; strategy; risk management; metrics and targets:



TCFD Focus Area	Progress 20/21	Focus for 21/22
Governance	Established our sustainability board. The board is accountable for overseeing the effectiveness of our proactive sustainability strategy and our risk management processes. Joined the CFO taskforce on sustainable finance to ensure sustainability is at the top of our finance agenda and evolve the metrics we report.	Build ESG factors into our broader business decision making and risk frameworks.
Strategy	Further developed our ESG strategy, taking salient risks into account Committed to five key focus areas for 2025, including our net zero commitment (see below) Enhanced conversations with investors and broader stakeholders on the businesses ESG agenda.	Continue delivery of our net zero roadmap. Further investor conversations around our ESG agenda.
Risk Management	Reviewed the physical and reputational risks and opportunities presented by climate change (see sustainability risk section) Included climate related risks within the boards principal risk review.	Conduct climate-related risk and opportunity assessment using the TCFD framework Develop climate scenario analysis to inform our actions and metrics going forward.
Metrics	Set stretching targets for scope 1,2 and 3 emissions reductions (see below) Implemented new system to track and monitor progress against metrics and targets.	Develop science-based targets for scope 1,2 and 3 emissions and get approval from the Science based targets initiative (SBTI) Publish climate-related risks and opportunities over the short, medium, and long term.

Planet

Energy & Carbon Report

OUR STRATEGY AND AMBITION

Climate change and the environmental impacts of our business have been part of our wider sustainability strategy for several years. With the urgency to tackle climate change and the increased interest from the investor community, we recognised the importance of including climate change within our principal risk review as well as for setting stronger targets in this area. We have been working for a number of years to tackle the impacts of our operations on the environment.

Although formal targets were not in place, we have been partnering with the Carbon Trust for over four years, managing a 16.6% reduction in our overall carbon emissions in that time. This work and our existing focus on tackling climate change have helped ensure that we take environmental factors into account in investment decisions. This is most clearly seen in our new warehouse in the East Midlands, which has been A-rated for energy efficiency.

We recognise the need to further verify our climate-related targets and aim to have verified science-based targets.

Over the course of the next 18 months we will be working with Carbon Intelligence to strengthen the commitments we already have in place, fully map our scope three emissions, develop an accurate baseline for scope 3 and develop delivery roadmaps.

Once completed, this work will enable us to report across all emission scopes more accurately going forward. It will also help us carry out a scenario analysis, to improve our understanding of climate-related risks and opportunities.

We intend to track and monitor our emissions using an external system, which will house our scope 1, 2 and 3 emissions data and support us in monitoring our progress against the agreed science-based targets.

2020/21 saw a significant impact to the operational space of our business as we consolidated our existing warehouses and operated a work at home and hybrid model driven by national lockdowns. These changes have materially reduced our energy consumption.

Alongside these changes we continue to look for ways to reduce our emissions and improve energy efficiency. In 2020/21 this included switching to renewably sourced electricity across sites, consolidating into our A-rated energy efficient warehouse in Skygate and switching to LED lighting across all sites. We have also started working with Carbon Intelligence to map our scope 1, 2 and 3 emissions, prior to setting a science-based target for climate change to provide a validated framework for reaching net zero.

Utility and Scope	FY21 Consumption (kWh)	FY20 Consumption (kWh)
Grid-supplied electricity (Scope 2)	14,513,940	21,087,860
Gaseous and other fuels (Scope 1)	8,791,011	13,119,658
Transportation (Scope 1 and 3)	190,403	726,794
Total	23,495,354	34,934,313

Utility and Scope	FY21 Consumption (tCO ₂ e)	FY20 Consumption (tCO ₂ e)
Grid-supplied electricity (Scope 2)	3,081.74	4,916.42
Gaseous and other fuels (Scope 1)	1,610.16	2,412.31
Transportation (Scope 1 and 3)	44.36	179.76
Total	4,736.26	7,508.50

INTENSITY METRIC

An intensity metric of tCO₂e per FTE has been applied for the annual total emissions of The Very Group. An additional intensity metric of tCO₂e per £m revenue has also been applied to the annual total emissions.

Intensity metric	FY21 Intensity Metric	FY20 Intensity Metric
tCO ₂ e/FTE	1.13	1.60
tCO ₂ e/£m revenue	2.37	3.75



Planet

Our journey so far

The Very Group continue to work with Inspired Energy to ensure our energy consumption is monitored, assessed and reduced to be as efficient as possible. In March 2020 our new £250million fulfilment centre opened in Castle Donnington, which has resulted in further consolidation of sites across the group. The warehouse uses state of the art technology to operate as efficiently as possible. As an A-rated energy certified building it is designed with the highest levels of energy efficiency in mind. The building incorporates water harvesting technology, LED lighting, as well as the technology to introduce a solar panel installation to generate our own renewable energy. The warehouse is located by a rail freight terminal which means our imported goods arrive to the warehouse by train. This has significantly reduced the amount of road miles and carbon emissions versus our previous inbound logistics processes. Given that the new warehouse opened during Covid-19 and for a time was operating in conjunction with our existing warehouses we will be able to more accurately report on its impact on reducing our operations carbon emissions in FY 21/22.

In our most significant step towards net zero, we switched to renewably sourced energy for all of our UK operations in September 2020. Prior to this switch 70% of the businesses carbon footprint was generated through our electricity consumption meaning this switch will significantly reduce our emissions, the full implications of this will be reported in next years report. Alongside this we have consolidated our property portfolio, switched all lighting on sites to LED and have invested in more efficient boilers, all of which is supporting in reducing our overall emissions.



Planet

Kuehne + Nagel net zero partnership



“At The Very Group we are already publicly committed to a roadmap to net zero by 2040. In order to achieve these ambitious targets, we recognise that as a business with a global footprint we must act now to reduce carbon production in all our operations. This is why we are proud to announce this net zero partnership with Kuehne + Nagel. It will enable us to accelerate our journey towards net zero and demonstrate the importance that we place on the long-term sustainability of our business as well as our planet.”

Phil Hackney, COO, The Very Group

A key area of focus from the BRC Roadmap to Net Zero is the move to net zero across logistics.

Kuehne + Nagel are our global shipping partner and bring our own brand products from our sourcing countries to our distribution centres in the UK. Last year we worked with them on setting up a net zero partnership which will mean all The Very Groups, sea freight volume with Kuehne+Nagel completely CO2 emission-free.

Emissions that cannot be reduced to zero beforehand through continuous optimisation of the supply chain are offset by investing in certified nature-based projects aligned with the United Nations Sustainable Development Goals. The partnership becomes operational on the first day of our new financial year meaning that from 1st July 2021 inbound seafreight logistics at The Very Group will be net zero.

Although there is an increased cost to implement this scheme the business recognises that whilst the technology for greener shipments is not readily available this is a good step in our journey to net zero. The multi-year partnership, will also look at how we can offset our remaining inbound logistics volume and how we can work together to improve green technology within the shipping industry.



Planet

Customer Takeback Schemes

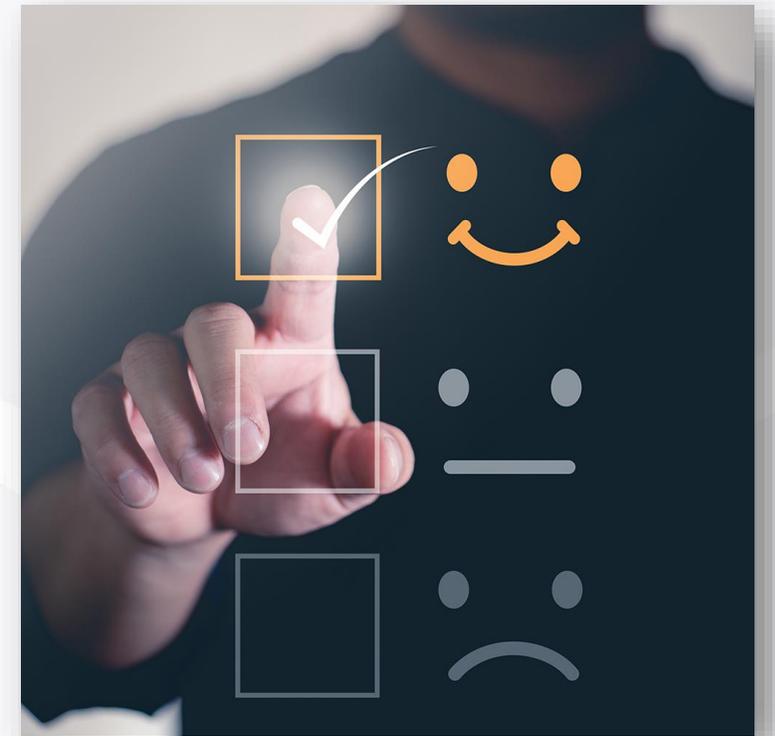
As well as ensuring we are making sustainable decisions as a business, if we are to fulfil the potential we have in helping to build a more sustainable society then we have to help our customers to make better decisions and ensure that acting sustainably is accessible to them. To do this, we have partnered with Re-Fashion to create a customer takeback scheme on clothing. Customers are signposted to the partnership we have with Re-Fashion where they can then request a bag through which they can send no longer worn clothes to Re-Fashion free of charge. #

The clothes are then resold online with a percentage of the profits going to support charities and sustainability linked initiatives. After a successful pilot was launched in the UK in September 2020, we have furthered this relationship by launching the scheme for our Irish customers through Littlewoods Ireland in May 2021. The relationship with Re-Fashion will continue to grow

as we explore more ways to make sustainability accessible to our customers.

The clothing takeback scheme builds on the furniture takeback scheme with Emmaus that was launched in the previous financial year. After successfully working together with Emmaus for over 12 month's we have mapped out the customer journey and will amend this going forward so the service is more visible during the customers purchasing journey.

Alongside this we will also explore options to launch take back schemes on other products and packaging to further enable customers to responsibly dispose of product at the end of life.



Planet

Working together

Whilst we continue to ensure that the materials that we source are from the most sustainable routes available to us as demonstrated in our ongoing commitment to the Better Cotton Initiative (BCI), we also recognise that the manufacturing process of the products can have additional negative impacts on the environment and it is our responsibility to minimise these impacts wherever we can. That is why we have partnered with Jeanologia who will work with our factories to reduce the environmental impact that comes from manufacturing denim products. This technological partnership will give us access to an innovative process that reduces the consumption of energy and water required in the manufacturing process. The removal of hazardous chemicals as we transition to a sustainable washing system also provides health benefits to the workers in our factories

Currently 60% of own brand denim is classified by Jeanologia as low impact with the remaining 40% being classified as medium impact. It is our aim that by 2025 all own brand denim will have a low impact Jeanologia classification. This partnership will also support with our commitment to better transparency of our supply chain and understanding our scope three emissions as we work with our suppliers and their processing units to calculate and monitor the water and energy used in our denim production.

Meanwhile, we will launch new ranges of products using sustainable raw materials, such as recycled or organic cotton, FSC timber and Lenzing Ecovero™. To support this ambition, we will implement retail team training to educate product teams on sustainable raw materials.



Planet

Protecting the environment

As a multi category retailer the products we sell range from fashion to electronics to furniture so we have to be aware of the locations that we source the wide range of raw materials from for both our products and the packaging we use to protect them.

In November 2020 we worked together with Canopy to create a policy that will help to reduce our environmental impact by making informed procurement choices that reduce the risk of sourcing from ancient and endangered forests globally. This policy will help us to play our part in ensuring these forests can sustain indigenous communities, support with biodiversity and are free from industrial degradation to give them a sustainable future for generations to come. This partnership has seen us become members of both their Canopy Style and Pack4Good initiatives.

We also recognise that alongside our products we are reliant on a range of packaging to ensure product reaches our customer in the condition they expect. In this in mind of our business, our packaging team have worked with Mainetti to reduce the amount of virgin plastic in our despatch bags. We have also implemented their Polyloop system, where clear plastic waste is taken from our warehouse and processed back into plastic pellets for use within new packaging bags. As a result of this partnership the amount of recycled content in our despatch bags is now at 80%. We will continue to work closely with Mainetti to ensure all of our packaging is the most sustainable option that we can provide.



Communities



Communities

Working sustainably, wherever we are

Our commitment to our communities means having a positive impact on the communities where we operate whether that is through our own operations in the UK and Ireland or across our global supply chain.

A key part of being responsible in our communities is forming strategic partnerships with organisations that help us to promote a path to a more sustainable future. We partnered with Nottingham Trent University to help create a talent pipeline of young people that progress into employment with sustainability at the forefront of their minds. We worked with Re-Fashion to provide second year fashion students with a brief to create video content that could explain the Very x Re-Fashion partnership to customers in a way that was engaging and easy to understand. The partnership with NTU has also expanded into additional departments as we look

to explore how inclusive design may influence the products that we sell online.

In Ireland, our Littlewoods Ireland team engaged with Business in the Community to support the 'The World of Work' programme in May 2021 which provides 2nd year school students with an opportunity to meet employees from a local company in order to learn about the world of work and to support conversations and insights into the many roles in the workplace that inspire and encourages young minds to look towards the future. The programme consisted of 5 sessions to engage with school children and discuss career opportunities with them. In the coming financial year, we intend to build on this relationship by launching our financial literacy programme and continuing to make positive impacts in our communities.



Communities

Actively participating

We remain committed to the United Nations Global Compact and continue to be active participants on working groups and initiatives that aim to create a more sustainable future for all. Throughout the past year we have worked in collaboration with the UNGC on initiatives including gender equality, modern slavery and child labour.

In addressing gender equality, we were part of the inaugural Target Gender Equality programme that aimed to introduce targets and best practices for the advancement of women across all sectors, in an effort to bring gender equality to the workplace. Our participation in this programme led to us being invited to represent the UK perspective at the Target Gender Equality Live global event. The learnings from our experience have also enabled us to put a framework in place that will allow us to set recruitment targets and

measure our performance in this area in the coming years.

We are a committed member of the Child Labour Working Group (CLWG) which was launched in November 2019 with the aim of encouraging network members to share the challenges faced in supply chains. The CLWG was formed with a clear ambition at the outset to share findings and encourage conversations with other national and global networks focussed on human rights issues in business and supply chains, such as the ILO Child Labour Platform, Ethical Trading Initiative and UN Women UK. By trying to better understand the challenge, look at best practice ways of mitigating child labour and developing methods of advocacy the group will ensure that effective approaches to ending the worst forms of child labour can be developed and utilised in the wider programme to end child labour in fragile contexts (EAPEC).



Managing Risk



Governance

Environmental and Social Board



Sustainability improves the quality of our lives, protects our ecosystem and preserves natural resources for future generations. For Very, putting sustainability at the heart of our business means making choices that reduce our impacts, secure our long-term success and bring a liveable future to everyone.'

Jacqui Humphreys, Chair of ESG Board

As a business we have recognised the increasing importance of sustainability not only to our operations but also to our customers, colleagues, and the investor community, and so this year we took the decision to develop a dedicated sustainability committee.

It was a pleasure to be asked to chair the committee and in my role as chair, I am delighted to share with you our first report on progress since we were established in May 2021. Our initial activities have been focussed on reviewing our strategy and current focus areas to ensure we have clarity of vision and are moving towards a leadership position in this space, reflecting our customer expectations and our desire to embed sustainability into core business activities.

The Very Groups sustainability strategy has enabled the business to develop a fully integrated sustainability agenda, based on the business purpose of making good things easily accessible to more people.

The multi-year programme sets out how we address the risks and opportunities presented to the business through our social and environmental impacts and ensures that sustainability is at the heart of key business decisions.

Its five pillars, people, planet, product, circularity, and communities ensure that as a business we are supporting our customers, colleagues, and broader communities to engage in our sustainability agenda and delivering positive outcomes which will create a more sustainable future for all.

As a committee we recognise the increasing importance of our environmental and social programme to all stakeholders. For the first few months we have been meeting monthly, feeding outcomes of the meetings to the business executive. Moving forward we will ensure that members of the executive leadership team and senior management attend committee meetings to keep abreast of progress against our sustainability commitments.

Governance

Business Risk and the E&S Board

The role of the board is to oversee the stewardship, accountability and leadership of Very's E&S strategy. Providing informed guidance and counsel on the strategic direction of activities and their alignment to The Very Group's Vision, Values and Purpose. In doing so the Board seeks to balance the interests of the various stakeholders to whom it is responsible to enable Very to have a successful and sustainable future.

Alongside this, the E&S board will support with our business risk management approach, as we recognise that having an effective risk management framework is crucial for our work in sustainability. Enabling us to understand and respond to the challenges we face in our operations, our supply chain, and the wider communities in which we operate.

To manage our risks, we regularly come together to identify, assess and create mitigation strategies for both

existing and emerging risks within sustainability. Having the E&S board in place will offer an additional layer of governance by overseeing the effectiveness of our risk management process and ensuring that the executive and shareholders are comfortable with our risk identification and mitigation strategy.

Outside of the work of the board we have also recognised the need to work with an external company to undertake a full materiality assessment of the business which can then be used to shape our scenario analysis that will form part of our strategic thinking in this area and enhanced reporting requirements. The committee will then ensure that any risks or changes in the external environment are considered, and that appropriate responses and actions are implemented.

The below table sets out the key risks identified over the last financial year and explains the mitigation strategies in place.



Risk Area	Severity	Mitigating Activities
<p>COVID-19: The global Covid-19 pandemic is having an ongoing impact on our supply chain. Its effects will be felt for a long time to come. The pandemic has disrupted supply, with our suppliers facing shutdowns, labour shortages, increased material costs and business closures. We need to adapt to the changes Covid-19 has brought about and ensure we have the processes and tools in place to effectively manage the environmental and social risks associated with any future pandemics to ensure continuity of supply and business success.</p>	<p>High</p>	<p>We worked quickly with suppliers, across the business to ensure continuity of supply and, where needed, to cancel or defer orders. We developed best practice guidance for factories to ensure social distancing, temperature testing and regular cleaning to reduce the risk of COVID spread in factories. We held regular check ins with supplier sites to implement actions to minimise factory disruption. We joined the ILO Garment Industry call to action to support industry wide responses to the pandemic.</p>
<p>Climate Change: Climate change has the potential to fundamentally change the planet we live on and the communities we operate in. The rapid increase in global warming has led to climate change becoming a key priority for Governments, businesses and wider society. We recognise that given the speed of change in this area, it is imperative that we identify the risks and opportunities of climate change to The Very Group and understand how they may impact our business operations going forward.</p>	<p>High</p>	<p>Our Very Group sustainability strategy sets out our ambitions and targets around climate change, including our commitment to net zero and desire to set a science-based target. We are working with a number of external organisations to further develop our climate strategy, including ensuring we have relevant metrics in place and effective monitoring mechanisms. We developed a Net Zero steering group within the business which reports to the sustainability board, who provide governance and oversight.</p>
<p>Responsible Sourcing and Supply Chain: Failure to ensure that we uphold our social and environmental commitments and comply with relevant legalisation may result in supply chain disruption, potential regulatory sanctions and reputational damage. The increasing legal framework in this area, enhanced expectations from customers and wider stakeholders, and the impacts of COVID-19 have reiterated that sourcing and supply chain are a principle risk area to the business.</p>	<p>High</p>	<p>A code of conduct is in place which is reviewed and updated regularly. Alongside this there are a number of policies and guidance documents within the business including, modern slavery, child labour, health and safety, migrant labour, access to remedy and anti-bribery and corruption. We have an established audit process for all suppliers, which includes the use of unannounced audits. We have dedicated in-country sustainability resource focussed on supporting suppliers and factories with challenges and implementing capacity building.</p> <p>We run colleague training on sustainability and have also developed specific training on topics such as modern slavery.</p>
<p>Third-Party Management: Our business model includes a reliance on a significant number of third-party relationships, particularly within our product offering. Events over the past 12 months have shown that a failure within these suppliers' sustainability due diligence approach can also have an impact on our operational activities and our customer experience. This can, in turn, negatively impact our brand reputation.</p>	<p>High</p>	<p>We developed a third party 'Very Basics' programme, to confirm compliance with expected standards and policies.</p> <p>We have clear supplier management and procurement policies in place, which include a requirement for all suppliers to sign our code of conduct or provide an alternative.</p> <p>We worked closely with the retail teams to ensure sustainability forms part of ongoing conversations with branded partners.</p>

Governance

Data, Security & Privacy

Policies & Partnerships

All policies have been refreshed and approved at ORC and are now published on the intranet for all users to access

Key partners

NCSC- National Cyber Security Centre, TVG are an active member of their Retail group. NCSC are the lead UK government organisation advising organisations on Cyber Security.

ICO- The UK Information Commissioner's office, this upholds the information rights in the public interest and data privacy for individuals

ISF – the Information Security Forum, a leading authority on cyber, information security and risk management.

Kroll- A leading, cyber insurance approved, Incident response partner, they provide 24/7 support for any cyber security incident that targets TVG

Summary of Progress

Tech Operations Centre (TOC)- A 24/7/365 team consisting of 4 shifts of 3 operatives monitoring all security events and providing level 1 response.

SIEM- Splunk cloud deployed and monitored by TOC, all critical log sources ingested and used as the central system for security monitoring and investigation.

Network Access Control- Rolled out to key TVG premises.

Multi Factor Authentication- All O365 applications, VPN access and AWS accounts secured with MFA.

Websites- Full deployment of Akamai Bot Manager Premier and Page Integrity manager to compliment Kona security suite providing industry leading protection.

Incident Response- New insurance approved IR partner on-boarded, Kroll.

Measurement of Outcomes

TVG track our security performance using our SKPI framework, this is built on a number of security best practices such as NIST, OWASP and ISO 27001

All security policies reviewed, updated and published across. Incident Response policy updated and reviewed by PWC

Governance

Anti corruption

TVG maintains a zero-tolerance approach to bribery and corruption, which is underpinned by a number of key policies and processes, including:

- Any gifts, hospitality and entertaining must be formally approved in advance and must be appropriate, proportionate and not have the ability to unduly influence decisions.
- Any potential conflicts of interest must be declared, and registered, and potential mitigating actions considered by the appropriate director.
- A confidential whistleblowing line operated by InTouch, is available to anyone, who has reasonable grounds to believe that they have information relating to:
 - The commission of a criminal offence
 - The failure to comply with a legal obligation
 - A miscarriage of justice
 - Danger to health and safety
 - Damage to the environment
 - Criminal acts committed against the Company such as theft, deception, fraud, bribery and corruption
 - Blackmail
 - Falsification of accounts

- Bullying, harassment, victimisation, discrimination, racial or ethnic intolerance towards or by workers or those described in the scope
- Breach of health and safety or environmental law in relation to Company workers or those persons described in the scope
- Negligence or breaches of contract
- Inappropriate behaviour or relationship with or towards suppliers or any other third parties with whom the Company has a relationship
- The deliberate concealment of any of the above
- Calls to the whistleblowing line are entirely confidential and where a call is received, an anonymous report is provided to nominated persons within TVG for independent review, and where appropriate further investigation. The outcomes of all calls and any resultant investigations are reported to our quarterly Audit Committee
- All new suppliers receive The Very Group's code of conduct and a statement of our zero-tolerance approach to bribery and corruption, with existing suppliers also receiving periodic reinforcement communications.
- Bribery and corruption risks are reviewed on an annual basis and are factored into the audit planning process.

- All employees are trained annually on key policies, including a knowledge check.

Summary of Progress

Specific areas of focus and development over the period included:

- Conducting annual refresher training on key policies.
- All internal policies were reviewed as part of our ongoing assurance activity.
- Our gifts and hospitality policy has been re-communicated to all relevant colleagues.
- Our Whistleblowing policy has been updated to reflect the recent Financial Conduct Authority (FCA) campaign 'In confidence, with confidence', encouraging individuals working in financial services to report potential wrongdoing to the FCA, and remind them of the processes in place to protect confidentiality.
- Our "Speak up" infographic training outlines that individuals working in a regulated environment do have the option to report any concerns they may have, in confidence; directly to the FCA

Action Plan



Action Plan

Roadmap to 2025

As we move into year 3 of our group wide sustainability, we recognise the need to accelerate our journey in order to contribute to the United Nations Decade of Action.

With that in mind, communication of our strategy will be made clearer to increase engagement and will be delivered via five pillars; Planet, Community, Product, Circularity and People.



Become carbon neutral in our own operations by 2025 and set science-based targets for climate change



75% of own brand fashion and home product to utilise sustainable raw materials by 2025



By 2025 we will have trained 100,000 workers across our supply chain



Launch take back schemes for all product types and packaging by 2025



By 2025 we will have launched financial literacy training in 5 key communities



Planet

Ambition	Target Date	Measure of success
Net Zero at Scope 1 and 2	June 2025	Science based targets Transparent energy and carbon reporting
Set Science Based targets for scope 1, 2 and 3	December 2022	SBTi approval
Switch to green gas across our own operations	June 2022	Green gas at all sites
Development of carbon measurement tools for our logistics network	June 2022	Carbon emission per provider Carbon emission reduction targets set per provider

Product



More sustainable product will be used in 70% of our entire own brand offering across fashion and home	June 2025	100% more sustainable cotton 100% FSC Timber
Sustainability training for all retail colleagues to enable more informed purchasing decisions	June 2022	Performance measurement considering sustainable buying

Circularity



Takeback schemes offered to consumers across all product types	June 2025	Tonnes of product's lifecycles either extended or repurposed
Achieve 25% donation return on requested bags with Refashion	June 2022	Tonnes of packaging returned to The Very Group for recycling
Launch packaging takeback campaign with consumers	June 2022	Launch packaging takeback campaign with consumers
Engage three suppliers in Bangladesh in the Circular Fashion partnership textile waste programme	December 2021	Metres of circular fabrics generated

Community



Launch financial literacy training in 5 key communities	June 2025	
Launch financial literacy training in at least one new community	June 2022	Community programme is implemented and engaged with
Achieve 40% compliance to the 'Very Basics' amongst our third party brand partners	June 2022	Responses from branded partners

People



Train 100,000 workers across our supply chain	June 2025	Number or workers who have received training across the supply chain
Train 20,000 in our supply chain	June 2022	Number or workers who have received training across the supply chain

